To: COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED

Re: Nonprofit Agency Governance and Executive Compensation

Submitted By: Opportunity Village, 8076 W. Sahara, Suite A, Las Vegas, NV 89117

Date: January 31, 2006

Dear Sirs:

We want to begin by thanking the Committee for the opportunity to provide our input on the proposed rules for Non-Profit Agency governance and executive compensation. Opportunity Village is the largest community rehabilitation program in Nevada. We have seven JWOD contracts that provide jobs for over 100 people with severe disabilities. These are great jobs that pay a "living wage" (approximately $1,150,000 in the past twelve months) and provide generous fringe benefits.

Opportunity Village enjoys incredible community support. Hundreds of people volunteer at our special events and tens of thousands attend one or more special events sponsored by Opportunity Village every year. These events raise millions of dollars that subsidize services for the most severely disabled members of our community. We are proud of our reputation for being a well-run organization that provides the highest quality services. We also realize that "a few bad apples" (e.g. scandals at other community rehabilitation programs) could undermine our community support and the support for other community rehabilitation programs throughout the country. Therefore, we think that it is very important for the Committee to regulate and oversee the JWOD program to assure its integrity and efficiency. However, we also believe that the Committee should be aware of the "law of unintended consequences" when developing regulations, especially those related to governance.

QUALIFIED AGENCIES SHOULD HAVE GOOD GOVERNANCE:
We believe that the Committee should adopt sound criteria to ensure good governance. Additionally, we agree with all the recommendations made by the Committee except for recommendation #4: "The organization's bylaws should set forth term limits for the service of Board members."

We see no reason for term limits for Board members and think that they could be dysfunctional in many situations. Some organizations recommend that term limits be set at six (6) years. Since community rehabilitation programs are very complex (and in many cases), very large operations, it may take a Board member as many as three (3) years to fully understand the implications of their decisions. Therefore, if there are six year term limits, as many as 50% of the members of the Board may be completely dependent on the recommendations of the executive director and his/her staff in making their decisions. Although we have the highest esteem for executive directors, this over-reliance on staff (caused by term limits) will undermine the independence of the Board.

Term limits may be very dysfunctional in rural areas. There are only so many qualified business people and professionals in these areas who are willing to volunteer their time and talent to the governance of a community rehabilitation program. So, if the agency is lucky enough to find good Board members, they should hold on to them for "dear life".

Finally, some agencies (e.g. Opportunity Village) have the ability to attract some exceptional Board members, who they should be encouraged to keep active in the Agency and in the "disability movement". Let me give you some examples.

- Opportunity Village has a Board member who has agreed to chair our Capital Campaign and who, along with family and business associates has announced a $3 million gift to Opportunity Village. We have spent over a decade educating him as a member of the Board and then as an officer (which would have been difficult (if not impossible) to do with term limits). The extra time spent cultivating this Board member will benefit Opportunity Village and the people we serve for decades.
- Opportunity Village also has been approached by the out-going Governor of Nevada about serving on the Opportunity Village Board of Directors. The Governor has been very supportive of programs and services for people with disabilities and will be very influential in State politics for the foreseeable future. We think it would be unwise to limit him to six (6), eight (8) or even ten (10) years of service on our Board.

Therefore, we oppose the idea of term limits and would consider them an obstacle in recruiting and retaining influential and independent members of our Board of Directors.

EXECUTIVE COMPENSATION:
We believe that the Committee must address executive compensation but we also believe that the process should be simple and should not "punish" multi-service agencies that may need to hire people with professional credentials. For example, let's say that a mental health agency operates both a clinical program and a JWOD job training program for people with severe mental health disabilities. State law may require that the Executive Director of the program have certain professional credentials and these credentials may force the agency to pay, what may appear to others outside of the mental health field, to be a disproportionately high salary. If there were a "strict salary cap", we might discourage this agency from participating in the JWOD program and thereby, deny their clients with severe mental health disabilities the chance to benefit from the program.

On the other hand, we need to assure that Congress, the media and the general public continue to support the "preference" given to the JWOD program in assigning contracts to community rehabilitation programs. That support relies on their belief that the program is a "win – win" situation for both the government and people with disabilities and they would be very disappointed if they thought that nonprofit CEO was "getting rich on the backs of the disabled".

We would like to suggest a solution. Rather than setting a "salary cap" we suggest that the Committee set a cap on the percentage of the contract revenue that can be used to pay for "administrative burden". The Committee would then know that only a reasonable percentage of the CEO's salary was compensated by the Federal customer (and the taxpayer) and that any other part that might seem excessive was compensated by other sources (e.g. donor contributions, revenue from private insurance, etc.).

Respectfully Submitted,

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